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Message Text

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11
ACTION EB-07

INFO OCT-01 NEA-09 ISO-00 FEA-01 COME-00 TRSE-00 AID-05

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01

SP-02 /040 W
---------- 121662
R 030557Z MAR 75
FM AMEMBASSY ABU DHABI
TO AMEMBASSY NEW DELHI
INFO SECSTATE WASHDC 2648
AMEMBASSY ISLAMABAD

C O N F I D E N T I A L ABU DHABI 0475

E.O. 11652: GDS
TAGS: ENRG, ETRD, TC, IN
SUBJ: CRUDE PETROLEUM SUPPLY FOR INDIA

REF: (A) NEW DELHI 2797 (B) ABU DHABI 255

1. ON BASIS OUR INFORMATION, PAKISTAN IS NOT RPT NOT RECEIVING ANY SPECIAL FINANCING TERMS FOR ITS CRUDE PURCHASES FROM UAE. IT HAS, HOWEVER, REPORTEDLY RECEIVED SUBSTANTIAL UNTIED LOAN ON VERY SOFT TERMS WHICH WILL SERVE PURPOSE OF EASING IMMEDIATE FOREIGN EXCHANGE BURDEN OF CRUDE PURCHASES.

2. AS FOR CONDITIONS OF CRUDE PURCHASE AGREEMENT, PARA 5 REF B SETS FORTH WHAT CONTINUES BE OUR UNDERSTANDING OF THIS SITUATION. WE ASSUME THAT PAKISTAN WILL ULTIMATELY GET BENEFITS OF RECENT UAEG DECISION TO CUT CRUDE PRICES THROUGH ELIMINATION OF PART, IF NOT ALL, OF SULFUR PREMIUM AND WILL ALSO BENEFIT, IF IT IS NOT ALREADY, FROM 60-DAY PAYMENT TERMS EXTENDED IN LATEST UAE SALES OFFER. THESE FURTHER CONCESSIONS WILL, HOWEVER, STILL LEAVE PAKISTAN IN POSITION IT WAS BEFORE - NAMELY, RECEIVING CRUDE ON GENERALLY SAME TERMS OFFERED TO OTHER BUYERS.
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3. COMMENT: WE DOUBT INDIA CAN EXPECT DO ANY BETTER, ALTHOUGH CONCEIVABLY CREDIT COULD BE EXTENDED FOR PAYMENT FOR CRUDE ITSELF RATHER THAN IN FORM INDEPENDENT LOAN. IN PARTICULAR, WE CONTINUE DISCOUNT REPORTS THAT PAKISTAN RECEIVED ANY BREAK ON PRICE OF CRUDE BELOW THAT OFFERED TO ALL COMERS.
STERNER

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